GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3009
ANSWERED ON:10.08.2001
TAX EVASION BY JAPANESE COMPANIES
SURESH RAMRAO JADHAV (PATIL)

Will the Minister of FINANCE be pleased to state:

(a):- whether the Government have decided not to initiate action against scores of Japanese employees and companies for tax evasion amounting to over Rs. 300 crores;

(b) if so, the reasons therefor; and

(c) the steps taken/proposed to be taken by the Government to persuade foreign nationals working in MNCs in India to pay tax on their salaries under Income Tax Act, 1961?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SH. GINGEE N. RAMACHANDRAN)

(a):- No, Sir.

(b):- Does not arise.

(c):- Under the Income-tax laws, all payments made in India and abroad to expatriate employees forservices rendered in India, are taxable in India. The employers are also liable to deduct tax at source on such salary, allowances and perquisites paid or provided in India or abroad and remit the same to the Govt. Further ,provisions also exit under the Income-tax Act for survey, penalty and prosecution of defaulters. These provisions of the law are considered enough for compliance of the tax laws by expatriate employees and their employers. The Department also takes actionwhenever any default in compliance of the tax laws by the expatriate employees or employers is noticed.